On November 30, 2013, the Bank Statement of Anwar Co. showed balance of BD9,387. The cash account balance was BD12,761 and on checking the following differences were found:

- During November checks deposited for BD 5,846 did not appear on the bank statement.

- The checks were issued in November but were not paid by the bank:

  No.924 BD136 – No.941 BD11 – No.944 BD95 – No.946 BD60 – No.940 BD105 – No.943 BD826 – No.945 BD16.

- The bank in error wrote service charges of BD340.

- Check No.936 of BD504 for buying furniture has been recorded in cash payment journal as BD405 and check No.942 of BD245 as 254 for buying supplies.

- NSF check by Waleed Jassim of BD220.

- Cash collected by bank from Ahmed BD1,890 and a collection charge for BD5, not entered in cash ledger.

- BD12 were charged for a new check book for the company but not recorded in the cash payment journal.

Required:

1. Prepare the Bank Reconciliation Statement.

2. Prepare Journal entries.

Bank Reconciliation statement

Bank statement Balance		9,387	error , check No. 942
+ Deposit in transit	5,846		254 supplies
+ error service charge	340		245 ←
		6,186	9
		15,573	error → Furniture
− outstanding checks:			504
No. 924	136		405
No. 941	11		,99,
No. 944	95		
No. 946	60		
No. 940	105		
No. 943	826		
No. 945	16		
		1,249	
Adjusted Bank Balance		14,324	xxx
cash Book Balance		12,761	
+ collected from A/c. Rec.	1,890		
+ error. supplier	9	1,899	
		14,660	
− error, Furniture	99		
− collection charge	5		
− Bank charge new check Book	12		
− N.s.F. check	220	336	
Adjusted Book Balance		14,324	xxx

Exercise (3): The following information relate to Hani Flower shop for the period ended 31st March, 2016:

Date	Explanation	Units	Unit Cost (BD)	Total Value (BD)
January 1	Inventory	300	12	3,600
February 5	Purchases	200	15	3,000
March 1	Purchases	500	16	8,000
March 7	Purchases	400	17	6,800
March 31	Inventory	600		21,400

REQUIRED:

Calculate the Cost of Goods Sold using FIFO method. and $LiFo$.

Date	Units	Unit Cost (BD)	Total Value (BD)
March 1	200	16	3,200
" " 7	400	17	6,800
TOTAL			10,000

C of G S = C of G Available forsales — End. In
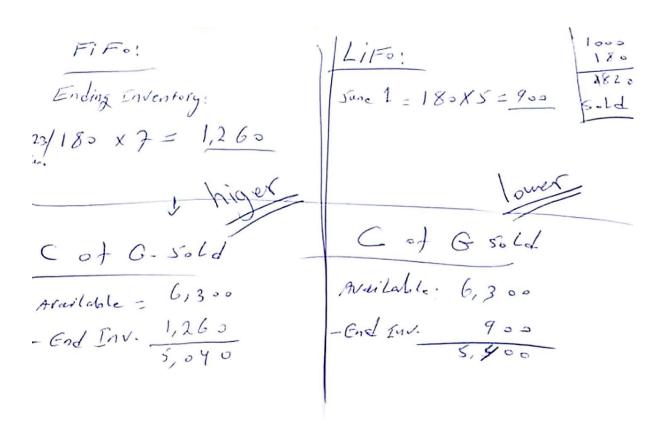
" " = 21,400 — 10,000 = 11,400

Exercise (6):

Al-Noor Company has the following records for the month of June 2013:

Date	Explanation	Units	Unit Cost (BD)	Total Cost (BD)
June 01	Inventory	200	5	1,000
12	Purchases	300	6	1,800
23	Purchases	500	7	3,500
30	Inventory	180		
	Total			

Required:

1. Compute the Ending Inventory and Cost of Goods Sold on June 30 2013, using FIFO and LIFO method.
2. Which valuation method gives the higher ending inventory?
3. Which valuation method result in the higher cost of goods sold?

$FiFo:$

Ending Inventory:

$23/ 180 \times 7 = 1,260$

↓ higer

C of G. Sold

Available $= 6,300$

- End Inv. $\underline{1,260}$

$5,040$

$LiFo:$

$June\ 1 = 180 \times 5 = 900$

lower

C of G Sold

Available: $6,300$

- End Inv. $\underline{900}$

$5,400$

1000
180
1820
Sold

Exercise (5):

The following particulars relate to an identical line of stock carried by a business:

January	01	Balance	1,000 units @ BD5 each
February	28	Purchases	2,000 units @ BD8 each
June	30	Sales	1,000 units
September	30	Purchases	1,000 units @ BD7 each
December	31	Sales	1,500 units

Required:

Calculate the value of closing stock which would be included in the financial statements under the FIFO method.

FiFo

Sales

Jun (30)   1000 X 5 = 5000
Dec (31)   1500 X 8 = 12,000

Balance (closing stock)

Feb (28) 500 X 8 = 4000
Sep (30) 1000 X 7 = 7000

Q   P
1500   11,000

الاسم:

QUE: 1 The following information relate to Al Amal Company for the period ended 31st July 2015:

Date	Explanation	Units	Unit Cost (BD)	Total Value (BD)
July 01	Inventory	300	5	1,500
12	Purchases	200	6	1,200
23	Purchases	400	7	2,800
31	Sales	320		
Total				5,500

↓

Available

Required:

Calculate the Ending Inventory and Cost of Goods Sold using

1- FIFO method.
2- LIFO method.

1- **FIFO Method:**

- **Ending Inventory:**

Date	Units	Unit Cost (BD)	Total Value (BD)
July 12	180	6	1,080
" 23	400	7	2,800
TOTAL			3,880

- **Cost of Goods Sold:** FIFO = 5,500 − 3,880 = 1,620

End. Inventory

LIFO.

Date	Units	Unit Cost (BD)	Total Value (BD)
July 1	300	5	1,500
" 12	200	6	1,200
" 23	80	7	560
TOTAL			3,260

C of G S = 5,500 − 3,260 = 2,240 ← LIFO